

# **State of Alaska FY2010 Governor's Operating Budget**

## **Department of Revenue Child Support Services Division RDU/Component Budget Summary**

**RDU/Component: Child Support Services Division***(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

The mission of the Child Support Services Division is to collect and distribute child support.

**Core Services**

- Establish paternity and child support
- Review and adjust cases
- Enforce cash and medical support

End Result	Strategies to Achieve End Result
<p><b>A: Collection and disbursement of child support due to the children served by CSSD.</b></p> <p><u>Target #1:</u> Increase collections by 3%, net of Permanent Fund Dividend collections.</p> <p><u>Status #1:</u> FY2008 collections net of Permanent Fund Dividends increased 3.25% over FY2007.</p> <p><u>Target #2:</u> Increase disbursements of child support payments by 1.8%.</p> <p><u>Status #2:</u> The increase in collections from Permanent Fund Dividend and the federal economic stimulus program combined with collections through other means resulted in increased disbursements of \$6 million during FY2008, or 5.55% more than FY2007.</p>	<p><b>A1: Improve the environment necessary for increased collections.</b></p> <p><u>Target #1:</u> Ensure that paternitys established are at least 100%.</p> <p><u>Status #1:</u> The percentage of paternitys established in FFY08 was 95%, an increase of 4% from the prior year.</p> <p><u>Target #2:</u> Increase cases with orders to 93.5%.</p> <p><u>Status #2:</u> The division has increased cases with orders by 0.2% over the prior fiscal year.</p> <p><u>Target #3:</u> Increase current collections to 56%.</p> <p><u>Status #3:</u> Current collections for FFY08 are at 58.1%, an increase from the prior year of 1.5%.</p> <p><u>Target #4:</u> Increase number of cases with arrearage collections to 71%.</p> <p><u>Status #4:</u> The percentage of cases with collections on arrearages for FFY08 was 67.9%, an increase from the prior year by 1%.</p> <p><u>Target #5:</u> Ensure that the cost effectiveness ratio is at least \$4.10.</p> <p><u>Status #5:</u> The cost effectiveness ratio for FFY08 is \$4.75, an increase of \$0.34 from the prior year.</p> <p><u>Target #6:</u> Reduce cases with no collections for one year or more to 12% or less of cases eligible for collections.</p> <p><u>Status #6:</u> Cases with no collections for one year or more was 11.78% in FY2008, a decrease of 0.45% from FY2007.</p> <p><b>A2: Improve the efficiency of distributing child support.</b></p> <p><u>Target #1:</u> Increase recipients on automated distribution</p>

	<p>to 60%.</p> <p><u>Status #1:</u> Recipients on automated distribution during FY2008 was 63.93%, an increase over FY2007 of 2.83%.</p> <p><u>Target #2:</u> Ensure that money on hold, less those categories that are out of the division's control, is less than 0.4% (four-tenths of a percent).</p> <p><u>Status #2:</u> Money on hold during FY2008 was 0.420%, an increase of 0.166% over FY2007.</p> <p><b>A3: Improve customer service.</b></p> <p><u>Target #1:</u> Wait times for telephone calls are reduced to an average of 3 minutes.</p> <p><u>Status #1:</u> Average wait times for telephone calls during FY2008 were 3.2 minutes, an increase of 0.6 minutes over FY2007 attributable to additional time spent answering questions concerning the garnishment of the federal economic stimulus payments.</p>
--	---

### Major Activities to Advance Strategies

- Improve communications and processes with clients and other state and federal agencies.
- Continue the work of the special collections unit.
- Prosecute criminal non-support when appropriate.
- Review and adjust cases, establish paternity, locate employers and assets of non-custodial parents, and create and modify support orders.
- Increase electronic payments and disbursements of child support through outreach to our clients by making clients aware of the options available.
- Institute full collection of arrearages for the passport denial/release program.
- Continue to notify clients of the change in the amount of arrearages on the passport denial program from a \$5000 to \$2500 threshold.
- Expand the state-owed arrearage abatement program.
- Provide presentations and outreach to businesses, non-profits and faith-based organizations, ethnic populations, schools, and mass media.
- Work on improving customer service by providing more personal contact; respond timely with written responses to our clients' questions and concerns.
- Provide employers' with the option of reporting employment information on-line.
- Provide our clients with the ability to look up their statement on-line.

### FY2010 Resources Allocated to Achieve Results

**FY2010 Component Budget: \$25,350,800**

**Personnel:**

Full time	231
Part time	0
<b>Total</b>	<b>231</b>

## Performance

### A: Result - Collection and disbursement of child support due to the children served by CSSD.

**Target #1:** Increase collections by 3%, net of Permanent Fund Dividend collections.

**Status #1:** FY2008 collections net of Permanent Fund Dividends increased 3.25% over FY2007.

#### Percent Change in Total Collections for a Fiscal Year

Fiscal Year	% Change
FY 2008	3.25%
FY 2007	3.66%
FY 2006	3.72%
FY 2005	1.92%
FY 2004	4.2%
FY 2003	6.2%

**Analysis of results and challenges:** FY2008 collections net of Permanent Fund Dividends increased 3.25% over FY2007. While this increase was more than projected, over \$1 million was the result of the one time federal economic stimulus program without which the increase would have only been 2.2%. This would represent a decrease from FY2007, the result of the difficulty in maintaining a stable workforce.

**Target #2:** Increase disbursements of child support payments by 1.8%.

**Status #2:** The increase in collections from Permanent Fund Dividend and the federal economic stimulus program combined with collections through other means resulted in increased disbursements of \$6 million during FY2008, or 5.55% more than FY2007.

#### Disbursements of Child Support Payments

Fiscal Year	% of Change
FY 2008	5.55%
FY 2007	4.85%
FY 2006	1.45%
FY 2005	1.77%

**Analysis of results and challenges:** This measure works with the amount of collections received in the fiscal year; if collections have increased then disbursements should also increase. This measure also works in conjunction with the "money on hold" measure (see CSSD strategy A2, measure #2); if there is less money on hold then disbursements should also increase.

### A1: Strategy - Improve the environment necessary for increased collections.

**Target #1:** Ensure that paternities established are at least 100%.

**Status #1:** The percentage of paternities established in FFY08 was 95%, an increase of 4% from the prior year.

**Percentage of Paternities Established**

Fiscal Year	% Established
FFY 2008	95%
FFY 2007	91%
FFY 2006	98%
FFY 2005	105%
FFY 2004	87%

**Analysis of results and challenges:** Percentage of paternities established is measured by the federal government by taking the number of children statewide with paternity established or acknowledged in the current fiscal year (3,829 in FFY08) divided by the number of children born out of wedlock statewide for the prior fiscal year (4,047 in FFY07), which is 95%.

The number of paternities established since FFY 2005 has decreased, however the number of cases in the division needing paternity established has also decreased. This indicates that contingent factors out of the division's control are contributing to this decline; for instance, if the cases are still working their way through the court system or there is no attempt made by the family to establish paternity.

**Target #2:** Increase cases with orders to 93.5%.

**Status #2:** The division has increased cases with orders by 0.2% over the prior fiscal year.

**Percentage of Cases with Orders**

Fiscal Year	Cases with Orders	Change from Prior Year
FY 2008	93.9%	0.2%
FY 2007	93.7%	0.5%
FY 2006	93.2%	0.9%
FY 2005	92.3%	7.6%
FY 2004	84.7%	3.7%

**Analysis of results and challenges:** A case is eligible for collection when a court or administrative order has been established. Collections cannot be made without a proper order in place. Establishing this quickly and effectively is one of the keys to a successful child support program. Reviewing and streamlining the division's process in establishing orders will aid in the timeliness of collecting and distributing child support. The division continues to improve in this measure each year.

**Target #3:** Increase current collections to 56%.

**Status #3:** Current collections for FFY08 are at 58.1%, an increase from the prior year of 1.5%.

**Percentage of Current Collections**

Fiscal Year	% of Collections
FFY 2008	58.1%
FFY 2007	56.6%
FFY 2006	54.9%
FFY 2005	52.0%
FFY 2004	54.2%

**Analysis of results and challenges:** In addition to being a main component of any child support program, collecting current money due is crucial to the financial well-being of the children it is intended to benefit. Increased information systems for new hires with the federal government and Alaska employers will enhance our ability to streamline the withholding process, improving the overall ability to collect current support quickly.

**Target #4:** Increase number of cases with arrearage collections to 71%.

**Status #4:** The percentage of cases with collections on arrearages for FFY08 was 67.9%, an increase from the prior year by 1%.

**Percentage of Cases with Arrearage Collections**

Fiscal Year	% of Cases
FFY 2008	67.9%
FFY 2007	66.9%
FFY 2006	66.5%
FFY 2005	67.9%
FFY 2004	65.4%

**Analysis of results and challenges:** A higher concentration on cases with special collection needs will help the division to increase overall collections. CSSD, through a grant with the Department of Justice, assembled a team to focus on those cases that are hard to collect. This special collections program began in October, 2005 and ended in October, 2007. The division is continuing the important work of the special collections unit and we expect to continue to see improved results in this area.

**Target #5:** Ensure that the cost effectiveness ratio is at least \$4.10.

**Status #5:** The cost effectiveness ratio for FFY08 is \$4.75, an increase of \$0.34 from the prior year.

**Cost Effectiveness Ratio**

Fiscal Year	Ratio
FFY 2008	\$4.75
FFY 2007	\$4.41
FFY 2006	\$4.24
FFY 2005	\$4.52
FFY 2004	\$4.42

**Analysis of results and challenges:** The cost effectiveness ratio for FFY08 is \$4.75, which is an increase of \$0.34 from the prior year. This means that for every \$1.00 spent in operating dollars the division collected \$4.75 in child support.

Two components, expenses and collections, figure into this target. Overall, showing the highest possible amount of collections for the least amount spent is highly sought. The increase in our cost effectiveness for FFY08 is a direct result of increased collections for that period due in part to the economic stimulus checks as well as an increased permanent fund dividend. However, in order to continue to maintain a high level of cost effectiveness the division must be able to increase collections by approximately four and one-half times more than the increase in expenses.

Additionally, CSSD anticipates that FFY09 and FFY10 could see a decline in our cost effectiveness. As the cost of doing business continues to increase, the amount of these increases in expenditures significantly outpaces our ability to increase collections, resulting in lower cost effectiveness.

**Target #6:** Reduce cases with no collections for one year or more to 12% or less of cases eligible for collections.

**Status #6:** Cases with no collections for one year or more was 11.78% in FY2008, a decrease of 0.45% from FY2007.

**Cases With No Collections for 1 Year or More**

Fiscal Year	Percentage of Cases	Change from Prior Year
FY 2008	11.78%	-0.45%
FY 2007	12.23%	-0.41%
FY 2006	12.64%	-0.28%
FY 2005	12.92%	-10.08%
FY 2004	23%	NA

**Analysis of results and challenges:** A case is eligible for collection when a court or administrative order has been established. In FY2008, 93.9% of the division's cases had orders, leaving 6.1% without orders and therefore ineligible for collection.

An analysis of outstanding child support collections showed a relationship between those cases with the highest outstanding balances and those with no recent collections. A portion of the cases with no collections for one year or more are designated as "hard to collect" and are assigned to a specialized team of child support specialists. FY2008 is the fourth consecutive year that the percentage of cases with no collections has decreased relative to the prior year. This is the result of continued work by the special collections unit on extremely difficult to enforce cases.

**A2: Strategy - Improve the efficiency of distributing child support.**

**Target #1:** Increase recipients on automated distribution to 60%.

**Status #1:** Recipients on automated distribution during FY2008 was 63.93%, an increase over FY2007 of 2.83%.

**Recipients Receiving Automated Distribution**

Fiscal Year	% of Recipients	Change from Prior Year
FY 2008	63.93%	2.83%
FY 2007	61.10%	5.58%
FY 2006	55.52%	3.43%
FY 2005	52.09%	3.39%
FY 2004	48.7%	NA

**Analysis of results and challenges:** In addition to improving the timeliness of distribution of the funds to recipients and the ease with which they can access their money, automated distribution greatly reduces the costs associated with disbursing money. The division saw great success in increasing the number of clients utilizing an electronic payment method to receive their child support in FY2007. This was accomplished by sending an informational flyer to every client that receives a paper check to encourage them to sign up for one of the two electronic payment options that the division offers. This approach was continued in FY2008 with two mailings undertaken during the year to encourage individuals to sign up for automated distribution.

**Target #2:** Ensure that money on hold, less those categories that are out of the division's control, is less than 0.4% (four-tenths of a percent).

**Status #2:** Money on hold during FY2008 was 0.420%, an increase of 0.166% over FY2007.

**Percentage of Money on Hold**

Fiscal Year	Percentage	Change from Prior Year
FY 2008	0.420%	0.166%
FY 2007	0.254%	-0.151%
FY 2006	0.405%	-0.143%
FY 2005	0.548%	0.458%
FY 2004	0.9%	-0.189%

**Analysis of results and challenges:** CSSD experienced a slight increase in the percentage of money on hold during FY2008 that is attributable to the difficulty in maintaining a stable workforce. The decrease of undistributed collections continues to be a national priority for the federal Office of Child Support. The division will continue to closely monitor money on hold categories and distribute all monies received as quickly as possible.

### A3: Strategy - Improve customer service.

**Target #1:** Wait times for telephone calls are reduced to an average of 3 minutes.

**Status #1:** Average wait times for telephone calls during FY2008 were 3.2 minutes, an increase of 0.6 minutes over FY2007 attributable to additional time spent answering questions concerning the garnishment of the federal economic stimulus payments.

**Average Minutes of Telephone Call Wait Time**

Fiscal Year	Average Minutes
FY 2008	3.2
FY 2007	2.6
FY 2006	3.6
FY 2005	3.0
FY 2004	2.6

**Analysis of results and challenges:** FY2008 saw an increase in wait times for customers on average of approximately 0.6 minutes from FY2007. The division attributes this increase in wait times to the additional time spent answering client questions concerning the garnishment of the federal economic stimulus funds. The division will continue to work on reducing wait times as much as possible.

### Key Component Challenges

- The division continues work on implementing federal medical support regulations which were published in July 2008. Legislation is currently being drafted to address these federal regulations.
- The federal establishment of tribal child support programs continues to require extensive coordination and personnel time supporting these new entities. There could be a wide variety of new systems developed to support these programs which could result in a lack of reliable data. The challenge for the division is having enough personnel resources to coordinate and assist the establishment and ongoing maintenance of these programs as well as ensuring the integrity of the tribal program data. There is currently at least one tribe in Alaska that is operating their program and another tribe that will be operating their program within the next ninety days.
- The division continues to face stringent federal requirements for data reliability that must be met to achieve the highest possible incentive revenue and to avoid possible penalties to our agency and to the Department of Health and Social Services, Division of Public Assistance.
- International Electronic Transactions are expected to start coming into the division by September 2009 if the division opts to allow for international electronic payments of child support; additional programming and training will be needed as these types of transactions require more information to be included in the electronic record.

### Significant Changes in Results to be Delivered in FY2010

- The division continues to expect significant increases in electronic receipts and payments. The division receives electronic receipts from federal government agencies, other states, clients and in the near future, from other countries. The division issues electronic payments to clients via direct deposit to a bank account or by our debit card program. We continue to do outreach to make our clients aware of electronic funds transfer as well as our debit card program and we will continue researching and creating other user friendly methods for submitting and receiving child support payments.



- The division continues to work on imaging the case file information, which is expected to be completed in FY2010. Once this project is complete, the division will be able to respond to client inquiries more quickly and easily.
- Implementation of online financial statements made accessible through MyAlaska will be available to our clients in fiscal year 2009. This online secure tool will allow custodial and non custodial parents to access financial information on their child support case via a computer. The division anticipates very positive feedback from our clients as they will no longer have to contact customer service or their caseworker, nor will they have to wait for their statement to be mailed to them each month. This significant change in results is taking place in mid to late fiscal year 2009. The majority of these results will be seen in 2010.

## **Major Component Accomplishments in 2008**

- The division increased yearly collections by \$6.0 million. This increase is the result of the federal economic stimulus payment, higher permanent fund dividend, and increases in additional ongoing support collections. Total collections in FY2008 were \$112.3 million. Collections from Permanent Fund Dividends increased by approximately \$2.9 million. Of the total collections for FY2008, \$12.7 million was collected in TANF reimbursement for the State of Alaska and the federal government, \$1.9 million was collected for reimbursement of foster care, and \$97.7 million was collected for families.
- The division has shown improved results in child support collection efforts when comparing the results in FY2008 to the previous data from FY2007. In FY2007, the division had 93.7% of cases with orders established, which increased to 93.9% in FY2008. For a case to be eligible for collection, a court or administrative order must first be established.
- The division established 2,983 orders in FY2008, as compared to 2,662 in FY2007. This 12% increase is due to additional cases that were received by the division that did not have orders established.
- The division saw a slight increase in the amount of money on hold in FY2008 by 0.166% from FY2007. In FY2007 the total amount of money on hold was \$269,683 compared to \$471,571 in FY2008; a difference of \$201,888. The increase in money on hold is a direct result of additional money collected from the IRS that the division is required to hold for six months for injured spouse claims.
- The number of paternities established by the division increased by 30% in FY2008 compared to FY2007, from 684 to 887. This is due to an increase in the number of cases coming into the division that need paternity established.

## **Statutory and Regulatory Authority**

AS 25.25      Uniform Interstate Family Support Act  
AS 25.27      Child Support Services Agency  
15 AAC 05    Administrative of Revenue Laws-Hearing Procedures  
15 AAC 125   Child Support Enforcement

Federal Law 93-647  
Federal Law 96-265  
Federal Law 96-35

Contact Information
<p><b>Contact:</b> Jerry Burnett, Director, Administrative Services <b>Phone:</b> (907) 465-2312 <b>Fax:</b> (907) 465-1685 <b>E-mail:</b> jerry.burnett@alaska.gov</p>

### Child Support Services Division Component Financial Summary

*All dollars shown in thousands*

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	14,748.3	16,326.1	16,973.9
72000 Travel	27.6	45.0	45.0
73000 Services	7,212.5	8,067.0	8,070.0
74000 Commodities	97.7	201.1	201.1
75000 Capital Outlay	0.0	60.8	60.8
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>22,086.1</b>	<b>24,700.0</b>	<b>25,350.8</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	13,467.5	15,402.5	15,832.6
1003 General Fund Match	0.0	0.0	1,900.0
1004 General Fund Receipts	174.7	174.7	174.7
1016 CSSD Federal Incentive Payments	1,800.0	1,800.0	1,800.0
1061 Capital Improvement Project Receipts	28.0	0.0	0.0
1156 Receipt Supported Services	6,615.9	7,322.8	5,643.5
<b>Funding Totals</b>	<b>22,086.1</b>	<b>24,700.0</b>	<b>25,350.8</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
<b>Unrestricted Revenues</b>				
Unrestricted Fund	68515	96.4	98.0	98.0
<b>Unrestricted Total</b>		<b>96.4</b>	<b>98.0</b>	<b>98.0</b>
<b>Restricted Revenues</b>				
Federal Receipts	51010	13,467.5	15,402.5	15,832.6
Receipt Supported Services	51073	6,615.9	7,322.8	5,643.5
Capital Improvement Project Receipts	51200	28.0	0.0	0.0
Federal Incentive Payments	51378	1,800.0	1,800.0	1,800.0
<b>Restricted Total</b>		<b>21,911.4</b>	<b>24,525.3</b>	<b>23,276.1</b>
<b>Total Estimated Revenues</b>		<b>22,007.8</b>	<b>24,623.3</b>	<b>23,374.1</b>

**Summary of Component Budget Changes  
From FY2009 Management Plan to FY2010 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2009 Management Plan</b>	<b>174.7</b>	<b>17,202.5</b>	<b>7,322.8</b>	<b>24,700.0</b>
<b>Adjustments which will continue current level of service:</b>				
-Change in State Matching Funds for Child Support Program	1,900.0	0.0	-1,900.0	0.0
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	0.0	430.1	217.7	647.8
<b>Proposed budget increases:</b>				
-Increase in Recovered Paternity Testing Fees	0.0	0.0	3.0	3.0
<b>FY2010 Governor</b>	<b>2,074.7</b>	<b>17,632.6</b>	<b>5,643.5</b>	<b>25,350.8</b>

**Child Support Services Division  
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<b>FY2009 Management Plan</b>	<b>FY2010 Governor</b>		
Full-time	232	231	Annual Salaries	10,797,953
Part-time	0	0	COLA	438,630
Nonpermanent	0	0	Premium Pay	152,723
			Annual Benefits	6,300,552
			Less 4.05% Vacancy Factor	(715,958)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>232</b>	<b>231</b>	<b>Total Personal Services</b>	<b>16,973,900</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	2	0	0	0	2
Accounting Clerk	7	0	0	0	7
Accounting Spvr I	4	0	0	0	4
Accounting Tech I	10	0	0	0	10
Accounting Tech II	15	0	0	0	15
Accounting Tech III	3	0	0	0	3
Admin Asst III	1	0	0	0	1
Administrative Assistant II	2	0	0	0	2
Administrative Clerk II	5	0	0	0	5
Administrative Clerk III	40	0	0	0	40
Administrative Officer I	1	0	0	0	1
Administrative Officer II	1	0	0	0	1
Analyst/Programmer III	3	0	0	0	3
Analyst/Programmer IV	4	0	0	0	4
Analyst/Programmer V	1	0	0	0	1
Child Support Manager	2	0	0	0	2
Child Support Spec I	89	1	1	1	92
Child Support Spec II	18	1	1	1	21
Child Support Spec III	6	0	0	0	6
Data Processing Mgr II	1	0	0	0	1
Dep Dir Child Spt Enf	1	0	0	0	1
Division Director	1	0	0	0	1
Internal Auditor I	1	0	0	0	1
Internal Auditor II	1	0	0	0	1
Investigator III	2	0	0	0	2
Investigator IV	1	0	0	0	1
Micro/Network Spec I	1	0	0	0	1
Micro/Network Tech I	1	0	0	0	1
Micro/Network Tech II	1	0	0	0	1
<b>Totals</b>	<b>225</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>231</b>